

EXHIBIT I

CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE SENATE BILL 5131

Chapter 317, Laws of 2017

65th Legislature
2017 Regular Session

MARIJUANA--VARIOUS CHANGES

EFFECTIVE DATE: 7/23/2017

Passed by the Senate April 20, 2017
Yeas 44 Nays 5

CYRUS HABIB

President of the Senate

Passed by the House April 20, 2017
Yeas 63 Nays 33

FRANK CHOPP

Speaker of the House of Representatives

Approved May 16, 2017 11:14 AM

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5131** as passed by Senate and the House of Representatives on the dates hereon set forth.

HUNTER G. GOODMAN

Secretary

FILED

May 16, 2017

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 5131

AS AMENDED BY THE CONFERENCE COMMITTEE

Passed Legislature - 2017 Regular Session

State of Washington

65th Legislature

2017 Regular Session

By Senate Commerce, Labor & Sports (originally sponsored by Senators Rivers and Conway; by request of Liquor and Cannabis Board)

READ FIRST TIME 02/06/17.

1 AN ACT Relating to marijuana with respect to privileges for
2 research licenses, local authority notifications, the retail
3 licensing merit-based application process, certain transfers of
4 plants and seeds, licensing agreements and contracts, advertising,
5 and jurisdictional requirements; amending RCW 69.50.325, 69.50.331,
6 69.50.372, 66.08.100, 69.50.366, 69.50.382, 69.51A.250, 69.50.357,
7 69.50.369, and 69.50.4013; reenacting and amending RCW 69.50.101 and
8 42.56.270; adding new sections to chapter 15.120 RCW; adding a new
9 section to chapter 69.51A RCW; adding a new section to chapter 69.50
10 RCW; adding a new chapter to Title 15 RCW; creating new sections; and
11 prescribing penalties.

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

13 **Sec. 1.** RCW 69.50.325 and 2016 c 170 s 1 are each amended to
14 read as follows:

15 (1) There shall be a marijuana producer's license regulated by
16 the state liquor and cannabis board and subject to annual renewal.
17 The licensee is authorized to produce: (a) Marijuana for sale at
18 wholesale to marijuana processors and other marijuana producers ((and
19 to produce marijuana)); (b) immature plants or clones and seeds for
20 sale to cooperatives as described under RCW 69.51A.250((, regulated
21 by the state liquor and cannabis board and subject to annual

renewal)); and (c) immature plants or clones and seeds for sale to qualifying patients and designated providers as provided under section 11 of this act. The production, possession, delivery, distribution, and sale of marijuana in accordance with the provisions of this chapter and the rules adopted to implement and enforce it, by a validly licensed marijuana producer, shall not be a criminal or civil offense under Washington state law. Every marijuana producer's license shall be issued in the name of the applicant, shall specify the location at which the marijuana producer intends to operate, which must be within the state of Washington, and the holder thereof shall not allow any other person to use the license. The application fee for a marijuana producer's license shall be two hundred fifty dollars. The annual fee for issuance and renewal of a marijuana producer's license shall be one thousand dollars. A separate license shall be required for each location at which a marijuana producer intends to produce marijuana.

(2) There shall be a marijuana processor's license to process, package, and label marijuana concentrates, useable marijuana, and marijuana-infused products for sale at wholesale to marijuana processors and marijuana retailers, regulated by the state liquor and cannabis board and subject to annual renewal. The processing, packaging, possession, delivery, distribution, and sale of marijuana, useable marijuana, marijuana-infused products, and marijuana concentrates in accordance with the provisions of this chapter and chapter 69.51A RCW and the rules adopted to implement and enforce these chapters, by a validly licensed marijuana processor, shall not be a criminal or civil offense under Washington state law. Every marijuana processor's license shall be issued in the name of the applicant, shall specify the location at which the licensee intends to operate, which must be within the state of Washington, and the holder thereof shall not allow any other person to use the license. The application fee for a marijuana processor's license shall be two hundred fifty dollars. The annual fee for issuance and renewal of a marijuana processor's license shall be one thousand dollars. A separate license shall be required for each location at which a marijuana processor intends to process marijuana.

(3)(a) There shall be a marijuana retailer's license to sell marijuana concentrates, useable marijuana, and marijuana-infused products at retail in retail outlets, regulated by the state liquor and cannabis board and subject to annual renewal. The possession,

1 delivery, distribution, and sale of marijuana concentrates, useable
2 marijuana, and marijuana-infused products in accordance with the
3 provisions of this chapter and the rules adopted to implement and
4 enforce it, by a validly licensed marijuana retailer, shall not be a
5 criminal or civil offense under Washington state law. Every marijuana
6 retailer's license shall be issued in the name of the applicant,
7 shall specify the location of the retail outlet the licensee intends
8 to operate, which must be within the state of Washington, and the
9 holder thereof shall not allow any other person to use the license.
10 The application fee for a marijuana retailer's license shall be two
11 hundred fifty dollars. The annual fee for issuance and renewal of a
12 marijuana retailer's license shall be one thousand dollars. A
13 separate license shall be required for each location at which a
14 marijuana retailer intends to sell marijuana concentrates, useable
15 marijuana, and marijuana-infused products.

16 (b) An individual retail licensee and all other persons or
17 entities with a financial or other ownership interest in the business
18 operating under the license are limited, in the aggregate, to holding
19 a collective total of not more than five retail marijuana licenses.

20 (c)(i) A marijuana retailer's license is subject to forfeiture in
21 accordance with rules adopted by the state liquor and cannabis board
22 pursuant to this section.

23 (ii) The state liquor and cannabis board shall adopt rules to
24 establish a license forfeiture process for a licensed marijuana
25 retailer that is not fully operational and open to the public within
26 a specified period from the date of license issuance, as established
27 by the state liquor and cannabis board, subject to the following
28 restrictions:

29 (A) No marijuana retailer's license may be subject to forfeiture
30 within the first nine months of license issuance; and

31 (B) The state liquor and cannabis board must require license
32 forfeiture on or before twenty-four calendar months of license
33 issuance if a marijuana retailer is not fully operational and open to
34 the public, unless the board determines that circumstances out of the
35 licensee's control are preventing the licensee from becoming fully
36 operational and that, in the board's discretion, the circumstances
37 warrant extending the forfeiture period beyond twenty-four calendar
38 months.

39 (iii) The state liquor and cannabis board has discretion in
40 adopting rules under this subsection (3)(c).

(iv) This subsection (3)(c) applies to marijuana retailer's licenses issued before and after the effective date of this section. However, no license of a marijuana retailer that otherwise meets the conditions for license forfeiture established pursuant to this subsection (3)(c) may be subject to forfeiture within the first nine calendar months of the effective date of this section.

(v) The state liquor and cannabis board may not require license forfeiture if the licensee has been incapable of opening a fully operational retail marijuana business due to actions by the city, town, or county with jurisdiction over the licensee that include any of the following:

(A) The adoption of a ban or moratorium that prohibits the opening of a retail marijuana business; or

(B) The adoption of an ordinance or regulation related to zoning, business licensing, land use, or other regulatory measure that has the effect of preventing a licensee from receiving an occupancy permit from the jurisdiction or which otherwise prevents a licensed marijuana retailer from becoming operational.

Sec. 2. RCW 69.50.331 and 2015 2nd sp.s. c 4 s 301 are each amended to read as follows:

(1) For the purpose of considering any application for a license to produce, process, research, transport, or deliver marijuana, useable marijuana, marijuana concentrates, or marijuana-infused products subject to the regulations established under RCW 69.50.385, or sell marijuana, or for the renewal of a license to produce, process, research, transport, or deliver marijuana, useable marijuana, marijuana concentrates, or marijuana-infused products subject to the regulations established under RCW 69.50.385, or sell marijuana, the state liquor and cannabis board must conduct a comprehensive, fair, and impartial evaluation of the applications timely received.

~~(a) ((The state liquor and cannabis board must develop a competitive, merit-based application process that includes, at a minimum, the opportunity for an applicant to demonstrate experience and qualifications in the marijuana industry. The state liquor and cannabis board must give preference between competing applications in the licensing process to applicants that have the following experience and qualifications, in the following order of priority:~~

~~(i) First priority is given to applicants who:~~

~~(A) Applied to the state liquor and cannabis board for a marijuana retailer license prior to July 1, 2014;~~

~~(B) Operated or were employed by a collective garden before January 1, 2013;~~

~~(C) Have maintained a state business license and a municipal business license, as applicable in the relevant jurisdiction; and~~

~~(D) Have had a history of paying all applicable state taxes and fees;~~

~~(ii) Second priority must be given to applicants who:~~

~~(A) Operated or were employed by a collective garden before January 1, 2013;~~

~~(B) Have maintained a state business license and a municipal business license, as applicable in the relevant jurisdiction; and~~

~~(C) Have had a history of paying all applicable state taxes and fees; and~~

~~(iii) Third priority must be given to all other applicants who do not have the experience and qualifications identified in (a)(i) and (ii) of this subsection.~~

~~(b))~~ The state liquor and cannabis board may cause an inspection of the premises to be made, and may inquire into all matters in connection with the construction and operation of the premises. For the purpose of reviewing any application for a license and for considering the denial, suspension, revocation, or renewal or denial thereof, of any license, the state liquor and cannabis board may consider any prior criminal conduct of the applicant including an administrative violation history record with the state liquor and cannabis board and a criminal history record information check. The state liquor and cannabis board may submit the criminal history record information check to the Washington state patrol and to the identification division of the federal bureau of investigation in order that these agencies may search their records for prior arrests and convictions of the individual or individuals who filled out the forms. The state liquor and cannabis board must require fingerprinting of any applicant whose criminal history record information check is submitted to the federal bureau of investigation. The provisions of RCW 9.95.240 and of chapter 9.96A RCW do not apply to these cases. Subject to the provisions of this section, the state liquor and cannabis board may, in its discretion, grant or deny the renewal or license applied for. Denial may be based on, without limitation, the existence of chronic illegal activity

documented in objections submitted pursuant to subsections (7)(c) and (10) of this section. Authority to approve an uncontested or unopposed license may be granted by the state liquor and cannabis board to any staff member the board designates in writing. Conditions for granting this authority must be adopted by rule.

~~((e))~~(b) No license of any kind may be issued to:

(i) A person under the age of twenty-one years;

(ii) A person doing business as a sole proprietor who has not lawfully resided in the state for at least six months prior to applying to receive a license;

(iii) A partnership, employee cooperative, association, nonprofit corporation, or corporation unless formed under the laws of this state, and unless all of the members thereof are qualified to obtain a license as provided in this section; or

(iv) A person whose place of business is conducted by a manager or agent, unless the manager or agent possesses the same qualifications required of the licensee.

(2)(a) The state liquor and cannabis board may, in its discretion, subject to the provisions of RCW 69.50.334, suspend or cancel any license; and all protections of the licensee from criminal or civil sanctions under state law for producing, processing, researching, or selling marijuana, marijuana concentrates, useable marijuana, or marijuana-infused products thereunder must be suspended or terminated, as the case may be.

(b) The state liquor and cannabis board must immediately suspend the license of a person who has been certified pursuant to RCW 74.20A.320 by the department of social and health services as a person who is not in compliance with a support order. If the person has continued to meet all other requirements for reinstatement during the suspension, reissuance of the license is automatic upon the state liquor and cannabis board's receipt of a release issued by the department of social and health services stating that the licensee is in compliance with the order.

(c) The state liquor and cannabis board may request the appointment of administrative law judges under chapter 34.12 RCW who shall have power to administer oaths, issue subpoenas for the attendance of witnesses and the production of papers, books, accounts, documents, and testimony, examine witnesses, and to receive testimony in any inquiry, investigation, hearing, or proceeding in

1 any part of the state, under rules and regulations the state liquor
2 and cannabis board may adopt.

3 (d) Witnesses must be allowed fees and mileage each way to and
4 from any inquiry, investigation, hearing, or proceeding at the rate
5 authorized by RCW 34.05.446. Fees need not be paid in advance of
6 appearance of witnesses to testify or to produce books, records, or
7 other legal evidence.

8 (e) In case of disobedience of any person to comply with the
9 order of the state liquor and cannabis board or a subpoena issued by
10 the state liquor and cannabis board, or any of its members, or
11 administrative law judges, or on the refusal of a witness to testify
12 to any matter regarding which he or she may be lawfully interrogated,
13 the judge of the superior court of the county in which the person
14 resides, on application of any member of the board or administrative
15 law judge, compels obedience by contempt proceedings, as in the case
16 of disobedience of the requirements of a subpoena issued from said
17 court or a refusal to testify therein.

18 (3) Upon receipt of notice of the suspension or cancellation of a
19 license, the licensee must forthwith deliver up the license to the
20 state liquor and cannabis board. Where the license has been suspended
21 only, the state liquor and cannabis board must return the license to
22 the licensee at the expiration or termination of the period of
23 suspension. The state liquor and cannabis board must notify all other
24 licensees in the county where the subject licensee has its premises
25 of the suspension or cancellation of the license; and no other
26 licensee or employee of another licensee may allow or cause any
27 marijuana, marijuana concentrates, useable marijuana, or marijuana-
28 infused products to be delivered to or for any person at the premises
29 of the subject licensee.

30 (4) Every license issued under this chapter is subject to all
31 conditions and restrictions imposed by this chapter or by rules
32 adopted by the state liquor and cannabis board to implement and
33 enforce this chapter. All conditions and restrictions imposed by the
34 state liquor and cannabis board in the issuance of an individual
35 license must be listed on the face of the individual license along
36 with the trade name, address, and expiration date.

37 (5) Every licensee must post and keep posted its license, or
38 licenses, in a conspicuous place on the premises.

39 (6) No licensee may employ any person under the age of twenty-one
40 years.

(7)(a) Before the state liquor and cannabis board issues a new or renewed license to an applicant it must give notice of the application to the chief executive officer of the incorporated city or town, if the application is for a license within an incorporated city or town, or to the county legislative authority, if the application is for a license outside the boundaries of incorporated cities or towns, or to the tribal government if the application is for a license within Indian country, or to the port authority if the application for a license is located on property owned by a port authority.

(b) The incorporated city or town through the official or employee selected by it, ~~((or))~~ the county legislative authority or the official or employee selected by it, the tribal government, or port authority has the right to file with the state liquor and cannabis board within twenty days after the date of transmittal of the notice for applications, or at least thirty days prior to the expiration date for renewals, written objections against the applicant or against the premises for which the new or renewed license is asked. The state liquor and cannabis board may extend the time period for submitting written objections upon request from the authority notified by the state liquor and cannabis board.

(c) The written objections must include a statement of all facts upon which the objections are based, and in case written objections are filed, the city or town or county legislative authority may request, and the state liquor and cannabis board may in its discretion hold, a hearing subject to the applicable provisions of Title 34 RCW. If the state liquor and cannabis board makes an initial decision to deny a license or renewal based on the written objections of an incorporated city or town or county legislative authority, the applicant may request a hearing subject to the applicable provisions of Title 34 RCW. If a hearing is held at the request of the applicant, state liquor and cannabis board representatives must present and defend the state liquor and cannabis board's initial decision to deny a license or renewal.

(d) Upon the granting of a license under this title the state liquor and cannabis board must send written notification to the chief executive officer of the incorporated city or town in which the license is granted, or to the county legislative authority if the license is granted outside the boundaries of incorporated cities or towns.

(8)(a) Except as provided in (b) through (d) of this subsection, the state liquor and cannabis board may not issue a license for any premises within one thousand feet of the perimeter of the grounds of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older.

(b) A city, county, or town may permit the licensing of premises within one thousand feet but not less than one hundred feet of the facilities described in (a) of this subsection, except elementary schools, secondary schools, and playgrounds, by enacting an ordinance authorizing such distance reduction, provided that such distance reduction will not negatively impact the jurisdiction's civil regulatory enforcement, criminal law enforcement interests, public safety, or public health.

(c) A city, county, or town may permit the licensing of research premises allowed under RCW 69.50.372 within one thousand feet but not less than one hundred feet of the facilities described in (a) of this subsection by enacting an ordinance authorizing such distance reduction, provided that the ordinance will not negatively impact the jurisdiction's civil regulatory enforcement, criminal law enforcement, public safety, or public health.

(d) The state liquor and cannabis board may license premises located in compliance with the distance requirements set in an ordinance adopted under (b) or (c) of this subsection. Before issuing or renewing a research license for premises within one thousand feet but not less than one hundred feet of an elementary school, secondary school, or playground in compliance with an ordinance passed pursuant to (c) of this subsection, the board must ensure that the facility:

(i) Meets a security standard exceeding that which applies to marijuana producer, processor, or retailer licensees;

(ii) Is inaccessible to the public and no part of the operation of the facility is in view of the general public; and

(iii) Bears no advertising or signage indicating that it is a marijuana research facility.

(e) The state liquor and cannabis board may not issue a license for any premises within Indian country, as defined in 18 U.S.C. Sec. 1151, including any fee patent lands within the exterior boundaries of a reservation, without the consent of the federally recognized tribe associated with the reservation or Indian country.

(9) (~~Subject to section 1601 of this act,~~) A city, town, or county may adopt an ordinance prohibiting a marijuana producer or marijuana processor from operating or locating a business within areas zoned primarily for residential use or rural use with a minimum lot size of five acres or smaller.

(10) In determining whether to grant or deny a license or renewal of any license, the state liquor and cannabis board must give substantial weight to objections from an incorporated city or town or county legislative authority based upon chronic illegal activity associated with the applicant's operations of the premises proposed to be licensed or the applicant's operation of any other licensed premises, or the conduct of the applicant's patrons inside or outside the licensed premises. "Chronic illegal activity" means (a) a pervasive pattern of activity that threatens the public health, safety, and welfare of the city, town, or county including, but not limited to, open container violations, assaults, disturbances, disorderly conduct, or other criminal law violations, or as documented in crime statistics, police reports, emergency medical response data, calls for service, field data, or similar records of a law enforcement agency for the city, town, county, or any other municipal corporation or any state agency; or (b) an unreasonably high number of citations for violations of RCW 46.61.502 associated with the applicant's or licensee's operation of any licensed premises as indicated by the reported statements given to law enforcement upon arrest.

Sec. 3. RCW 69.50.372 and 2016 sp.s. c 9 s 1 are each amended to read as follows:

(1) A marijuana research license is established that permits a licensee to produce, process, and possess marijuana for the following limited research purposes:

(a) To test chemical potency and composition levels;

(b) To conduct clinical investigations of marijuana-derived drug products;

(c) To conduct research on the efficacy and safety of administering marijuana as part of medical treatment; and

(d) To conduct genomic or agricultural research.

(2) As part of the application process for a marijuana research license, an applicant must submit to the liquor and cannabis board's designated scientific reviewer a description of the research that is

intended to be conducted. The liquor and cannabis board must select a scientific reviewer to review an applicant's research project and determine that it meets the requirements of subsection (1) of this section, as well as assess the following:

- (a) Project quality, study design, value, or impact;
- (b) Whether applicants have the appropriate personnel, expertise, facilities/infrastructure, funding, and human/animal/other federal approvals in place to successfully conduct the project; and
- (c) Whether the amount of marijuana to be grown by the applicant is consistent with the project's scope and goals.

If the scientific reviewer determines that the research project does not meet the requirements of subsection (1) of this section, the application must be denied.

(3) A marijuana research licensee may only sell marijuana grown or within its operation to other marijuana research licensees. The liquor and cannabis board may revoke a marijuana research license for violations of this subsection.

(4) A marijuana research licensee may contract with the University of Washington or Washington State University to perform research in conjunction with the university. All research projects, not including those projects conducted pursuant to a contract entered into under RCW 28B.20.502(3), must be approved by the scientific reviewer and meet the requirements of subsection (1) of this section.

(5) In establishing a marijuana research license, the liquor and cannabis board may adopt rules on the following:

- (a) Application requirements;
- (b) Marijuana research license renewal requirements, including whether additional research projects may be added or considered;
- (c) Conditions for license revocation;
- (d) Security measures to ensure marijuana is not diverted to purposes other than research;
- (e) Amount of plants, useable marijuana, marijuana concentrates, or marijuana-infused products a licensee may have on its premises;
- (f) Licensee reporting requirements;
- (g) Conditions under which marijuana grown by licensed marijuana producers and other product types from licensed marijuana processors may be donated to marijuana research licensees; and
- (h) Additional requirements deemed necessary by the liquor and cannabis board.

(6) The production, processing, possession, delivery, donation, and sale of marijuana, including immature plants or clones and seeds, in accordance with this section, RCW 69.50.366(3), and the rules adopted to implement and enforce ~~((it))~~this section and RCW 69.50.366(3), by a validly licensed marijuana researcher, shall not be a criminal or civil offense under Washington state law. Every marijuana research license must be issued in the name of the applicant, must specify the location at which the marijuana researcher intends to operate, which must be within the state of Washington, and the holder thereof may not allow any other person to use the license.

(7) The application fee for a marijuana research license is two hundred fifty dollars. The annual fee for issuance and renewal of a marijuana research license is one thousand dollars. The applicant must pay the cost of the review process directly to the scientific reviewer as designated by the liquor and cannabis board.

(8) The scientific reviewer shall review any reports made by marijuana research licensees under liquor and cannabis board rule and provide the liquor and cannabis board with its determination on whether the research project continues to meet research qualifications under this section.

(9) For the purposes of this section, "scientific reviewer" means an organization that convenes or contracts with persons who have the training and experience in research practice and research methodology to determine whether a project meets the criteria for a marijuana research license under this section and to review any reports submitted by marijuana research licensees under liquor and cannabis board rule. "Scientific reviewers" include, but are not limited to, educational institutions, research institutions, peer review bodies, or such other organizations that are focused on science or research in its day-to-day activities.

Sec. 4. RCW 66.08.100 and 2012 c 117 s 269 are each amended to read as follows:

No court of the state of Washington other than the superior court of Thurston county shall have jurisdiction over any action or proceeding against the board or any member thereof for anything done or omitted to be done in or arising out of the performance of his or her or their duties under this title. Neither the board nor any member or members thereof shall be personally liable in any action at

law for damages sustained by any person because of any acts performed or done or omitted to be done by the board or any employee of the board in the performance of his or her duties and in the administration of this title or chapter 69.50 or 69.51A RCW.

Sec. 5. RCW 69.50.101 and 2015 2nd sp.s. c 4 s 901 are each reenacted and amended to read as follows:

The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(a) "Administer" means to apply a controlled substance, whether by injection, inhalation, ingestion, or any other means, directly to the body of a patient or research subject by:

(1) a practitioner authorized to prescribe (or, by the practitioner's authorized agent); or

(2) the patient or research subject at the direction and in the presence of the practitioner.

(b) "Agent" means an authorized person who acts on behalf of or at the direction of a manufacturer, distributor, or dispenser. It does not include a common or contract carrier, public warehouseperson, or employee of the carrier or warehouseperson.

(c) "CBD concentration" has the meaning provided in RCW 69.51A.010.

(d) "Commission" means the pharmacy quality assurance commission.

(e) "Controlled substance" means a drug, substance, or immediate precursor included in Schedules I through V as set forth in federal or state laws, or federal or commission rules.

(f)(1) "Controlled substance analog" means a substance the chemical structure of which is substantially similar to the chemical structure of a controlled substance in Schedule I or II and:

(i) that has a stimulant, depressant, or hallucinogenic effect on the central nervous system substantially similar to the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance included in Schedule I or II; or

(ii) with respect to a particular individual, that the individual represents or intends to have a stimulant, depressant, or hallucinogenic effect on the central nervous system substantially similar to the stimulant, depressant, or hallucinogenic effect on the central nervous system of a controlled substance included in Schedule I or II.

(2) The term does not include:

1 (i) a controlled substance;

2 (ii) a substance for which there is an approved new drug
3 application;

4 (iii) a substance with respect to which an exemption is in effect
5 for investigational use by a particular person under Section 505 of
6 the federal Food, Drug and Cosmetic Act, 21 U.S.C. Sec. 355, to the
7 extent conduct with respect to the substance is pursuant to the
8 exemption; or

9 (iv) any substance to the extent not intended for human
10 consumption before an exemption takes effect with respect to the
11 substance.

12 (g) "Deliver" or "delivery((7))" means the actual or constructive
13 transfer from one person to another of a substance, whether or not
14 there is an agency relationship.

15 (h) "Department" means the department of health.

16 (i) "Designated provider" has the meaning provided in RCW
17 69.51A.010.

18 (j) "Dispense" means the interpretation of a prescription or
19 order for a controlled substance and, pursuant to that prescription
20 or order, the proper selection, measuring, compounding, labeling, or
21 packaging necessary to prepare that prescription or order for
22 delivery.

23 (k) "Dispenser" means a practitioner who dispenses.

24 (l) "Distribute" means to deliver other than by administering or
25 dispensing a controlled substance.

26 (m) "Distributor" means a person who distributes.

27 (n) "Drug" means (1) a controlled substance recognized as a drug
28 in the official United States pharmacopoeia/national formulary or the
29 official homeopathic pharmacopoeia of the United States, or any
30 supplement to them; (2) controlled substances intended for use in the
31 diagnosis, cure, mitigation, treatment, or prevention of disease in
32 individuals or animals; (3) controlled substances (other than food)
33 intended to affect the structure or any function of the body of
34 individuals or animals; and (4) controlled substances intended for
35 use as a component of any article specified in (1), (2), or (3) of
36 this subsection. The term does not include devices or their
37 components, parts, or accessories.

38 (o) "Drug enforcement administration" means the drug enforcement
39 administration in the United States Department of Justice, or its
40 successor agency.

(p) "Electronic communication of prescription information" means the transmission of a prescription or refill authorization for a drug of a practitioner using computer systems. The term does not include a prescription or refill authorization verbally transmitted by telephone nor a facsimile manually signed by the practitioner.

(q) "Immature plant or clone" means a plant or clone that has no flowers, is less than twelve inches in height, and is less than twelve inches in diameter.

(r) "Immediate precursor" means a substance:

(1) that the commission has found to be and by rule designates as being the principal compound commonly used, or produced primarily for use, in the manufacture of a controlled substance;

(2) that is an immediate chemical intermediary used or likely to be used in the manufacture of a controlled substance; and

(3) the control of which is necessary to prevent, curtail, or limit the manufacture of the controlled substance.

~~((+r))~~(s) "Isomer" means an optical isomer, but in subsection ~~((+dd))~~(ee)(5) of this section, RCW 69.50.204(a) (12) and (34), and 69.50.206(b)(4), the term includes any geometrical isomer; in RCW 69.50.204(a) (8) and (42), and 69.50.210(c) the term includes any positional isomer; and in RCW 69.50.204(a)(35), 69.50.204(c), and 69.50.208(a) the term includes any positional or geometric isomer.

~~((+s))~~(t) "Lot" means a definite quantity of marijuana, marijuana concentrates, useable marijuana, or marijuana-infused product identified by a lot number, every portion or package of which is uniform within recognized tolerances for the factors that appear in the labeling.

~~((+t))~~(u) "Lot number" must identify the licensee by business or trade name and Washington state unified business identifier number, and the date of harvest or processing for each lot of marijuana, marijuana concentrates, useable marijuana, or marijuana-infused product.

~~((+u))~~(v) "Manufacture" means the production, preparation, propagation, compounding, conversion, or processing of a controlled substance, either directly or indirectly or by extraction from substances of natural origin, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and includes any packaging or repackaging of the substance or labeling or relabeling of its container. The term does not include

the preparation, compounding, packaging, repackaging, labeling, or relabeling of a controlled substance:

(1) by a practitioner as an incident to the practitioner's administering or dispensing of a controlled substance in the course of the practitioner's professional practice; or

(2) by a practitioner, or by the practitioner's authorized agent under the practitioner's supervision, for the purpose of, or as an incident to, research, teaching, or chemical analysis and not for sale.

~~((v))~~(w) "Marijuana" or "marihuana" means all parts of the plant *Cannabis*, whether growing or not, with a THC concentration greater than 0.3 percent on a dry weight basis; the seeds thereof; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. The term does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of the plant which is incapable of germination.

~~((w))~~(x) "Marijuana concentrates" means products consisting wholly or in part of the resin extracted from any part of the plant *Cannabis* and having a THC concentration greater than ten percent.

~~((x))~~(y) "Marijuana processor" means a person licensed by the state liquor and cannabis board to process marijuana into marijuana concentrates, useable marijuana, and marijuana-infused products, package and label marijuana concentrates, useable marijuana, and marijuana-infused products for sale in retail outlets, and sell marijuana concentrates, useable marijuana, and marijuana-infused products at wholesale to marijuana retailers.

~~((y))~~(z) "Marijuana producer" means a person licensed by the state liquor and cannabis board to produce and sell marijuana at wholesale to marijuana processors and other marijuana producers.

~~((z))~~(aa) "Marijuana products" means useable marijuana, marijuana concentrates, and marijuana-infused products as defined in this section.

~~((aa))~~(bb) "Marijuana researcher" means a person licensed by the state liquor and cannabis board to produce, process, and possess marijuana for the purposes of conducting research on marijuana and marijuana-derived drug products.

1 ~~((bb))~~(cc) "Marijuana retailer" means a person licensed by the
 2 state liquor and cannabis board to sell marijuana concentrates,
 3 useable marijuana, and marijuana-infused products in a retail outlet.

4 ~~((ee))~~(dd) "Marijuana-infused products" means products that
 5 contain marijuana or marijuana extracts, are intended for human use,
 6 are derived from marijuana as defined in subsection ~~((v))~~(w) of
 7 this section, and have a THC concentration no greater than ten
 8 percent. The term "marijuana-infused products" does not include
 9 either useable marijuana or marijuana concentrates.

10 ~~((dd))~~(ee) "Narcotic drug" means any of the following, whether
 11 produced directly or indirectly by extraction from substances of
 12 vegetable origin, or independently by means of chemical synthesis, or
 13 by a combination of extraction and chemical synthesis:

14 (1) Opium, opium derivative, and any derivative of opium or opium
 15 derivative, including their salts, isomers, and salts of isomers,
 16 whenever the existence of the salts, isomers, and salts of isomers is
 17 possible within the specific chemical designation. The term does not
 18 include the isoquinoline alkaloids of opium.

19 (2) Synthetic opiate and any derivative of synthetic opiate,
 20 including their isomers, esters, ethers, salts, and salts of isomers,
 21 esters, and ethers, whenever the existence of the isomers, esters,
 22 ethers, and salts is possible within the specific chemical
 23 designation.

24 (3) Poppy straw and concentrate of poppy straw.

25 (4) Coca leaves, except coca leaves and extracts of coca leaves
 26 from which cocaine, ecgonine, and derivatives or ecgonine or their
 27 salts have been removed.

28 (5) Cocaine, or any salt, isomer, or salt of isomer thereof.

29 (6) Cocaine base.

30 (7) Ecgonine, or any derivative, salt, isomer, or salt of isomer
 31 thereof.

32 (8) Any compound, mixture, or preparation containing any quantity
 33 of any substance referred to in subparagraphs (1) through (7).

34 ~~((ee))~~(ff) "Opiate" means any substance having an addiction-
 35 forming or addiction-sustaining liability similar to morphine or
 36 being capable of conversion into a drug having addiction-forming or
 37 addiction-sustaining liability. The term includes opium, substances
 38 derived from opium (opium derivatives), and synthetic opiates. The
 39 term does not include, unless specifically designated as controlled
 40 under RCW 69.50.201, the dextrorotatory isomer of 3-methoxy-n-

1 methylmorphinan and its salts (dextromethorphan). The term includes
 2 the racemic and levorotatory forms of dextromethorphan.

3 ~~((ff))~~(gg) "Opium poppy" means the plant of the species *Papaver*
 4 *somniferum* L., except its seeds.

5 ~~((gg))~~(hh) "Person" means individual, corporation, business
 6 trust, estate, trust, partnership, association, joint venture,
 7 government, governmental subdivision or agency, or any other legal or
 8 commercial entity.

9 ~~((hh))~~(ii) "Plant" has the meaning provided in RCW 69.51A.010.

10 ~~((ii))~~(jj) "Poppy straw" means all parts, except the seeds, of
 11 the opium poppy, after mowing.

12 ~~((jj))~~(kk) "Practitioner" means:

13 (1) A physician under chapter 18.71 RCW; a physician assistant
 14 under chapter 18.71A RCW; an osteopathic physician and surgeon under
 15 chapter 18.57 RCW; an osteopathic physician assistant under chapter
 16 18.57A RCW who is licensed under RCW 18.57A.020 subject to any
 17 limitations in RCW 18.57A.040; an optometrist licensed under chapter
 18 18.53 RCW who is certified by the optometry board under RCW 18.53.010
 19 subject to any limitations in RCW 18.53.010; a dentist under chapter
 20 18.32 RCW; a podiatric physician and surgeon under chapter 18.22 RCW;
 21 a veterinarian under chapter 18.92 RCW; a registered nurse, advanced
 22 registered nurse practitioner, or licensed practical nurse under
 23 chapter 18.79 RCW; a naturopathic physician under chapter 18.36A RCW
 24 who is licensed under RCW 18.36A.030 subject to any limitations in
 25 RCW 18.36A.040; a pharmacist under chapter 18.64 RCW or a scientific
 26 investigator under this chapter, licensed, registered or otherwise
 27 permitted insofar as is consistent with those licensing laws to
 28 distribute, dispense, conduct research with respect to or administer
 29 a controlled substance in the course of their professional practice
 30 or research in this state.

31 (2) A pharmacy, hospital or other institution licensed,
 32 registered, or otherwise permitted to distribute, dispense, conduct
 33 research with respect to or to administer a controlled substance in
 34 the course of professional practice or research in this state.

35 (3) A physician licensed to practice medicine and surgery, a
 36 physician licensed to practice osteopathic medicine and surgery, a
 37 dentist licensed to practice dentistry, a podiatric physician and
 38 surgeon licensed to practice podiatric medicine and surgery, a
 39 licensed physician assistant or a licensed osteopathic physician
 40 assistant specifically approved to prescribe controlled substances by

his or her state's medical quality assurance commission or equivalent and his or her supervising physician, an advanced registered nurse practitioner licensed to prescribe controlled substances, or a veterinarian licensed to practice veterinary medicine in any state of the United States.

~~((kk)~~)(ll) "Prescription" means an order for controlled substances issued by a practitioner duly authorized by law or rule in the state of Washington to prescribe controlled substances within the scope of his or her professional practice for a legitimate medical purpose.

~~((ll)~~)(mm) "Production" includes the manufacturing, planting, cultivating, growing, or harvesting of a controlled substance.

~~((mm)~~)(nn) "Qualifying patient" has the meaning provided in RCW 69.51A.010.

~~((nn)~~)(oo) "Recognition card" has the meaning provided in RCW 69.51A.010.

~~((oo)~~)(pp) "Retail outlet" means a location licensed by the state liquor and cannabis board for the retail sale of marijuana concentrates, useable marijuana, and marijuana-infused products.

~~((pp)~~)(qq) "Secretary" means the secretary of health or the secretary's designee.

~~((qq)~~)(rr) "State," unless the context otherwise requires, means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or a territory or insular possession subject to the jurisdiction of the United States.

~~((rr)~~)(ss) "THC concentration" means percent of delta-9 tetrahydrocannabinol content per dry weight of any part of the plant *Cannabis*, or per volume or weight of marijuana product, or the combined percent of delta-9 tetrahydrocannabinol and tetrahydrocannabinolic acid in any part of the plant *Cannabis* regardless of moisture content.

~~((ss)~~)(tt) "Ultimate user" means an individual who lawfully possesses a controlled substance for the individual's own use or for the use of a member of the individual's household or for administering to an animal owned by the individual or by a member of the individual's household.

~~((tt)~~)(uu) "Useable marijuana" means dried marijuana flowers. The term "useable marijuana" does not include either marijuana-infused products or marijuana concentrates.

1 **Sec. 6.** RCW 69.50.366 and 2015 c 207 s 8 are each amended to
2 read as follows:

3 The following acts, when performed by a validly licensed
4 marijuana producer or employee of a validly licensed marijuana
5 producer in compliance with rules adopted by the state liquor
6 ~~((control))~~ and cannabis board to implement and enforce this chapter
7 ~~((3, Laws of 2013))~~, do not constitute criminal or civil offenses
8 under Washington state law:

9 (1) Production or possession of quantities of marijuana that do
10 not exceed the maximum amounts established by the state liquor
11 ~~((control))~~ and cannabis board under RCW 69.50.345(3);

12 (2) Delivery, distribution, and sale of marijuana to a marijuana
13 processor or another marijuana producer validly licensed under this
14 chapter ~~((3, Laws of 2013))~~; ~~((and))~~

15 (3) Delivery, distribution, and sale of immature plants or clones
16 and marijuana seeds to a licensed marijuana researcher, and to
17 receive or purchase immature plants or clones and seeds from a
18 licensed marijuana researcher; and

19 (4) Delivery, distribution, and sale of marijuana or useable
20 marijuana to a federally recognized Indian tribe as permitted under
21 an agreement between the state and the tribe entered into under RCW
22 43.06.490.

23 **Sec. 7.** RCW 69.50.382 and 2015 2nd sp.s. c 4 s 501 are each
24 amended to read as follows:

25 (1) A licensed marijuana producer, marijuana processor, marijuana
26 researcher, or marijuana retailer, or their employees, in accordance
27 with the requirements of this chapter and the administrative rules
28 adopted thereunder, may use the services of a common carrier subject
29 to regulation under chapters 81.28 and 81.29 RCW and licensed in
30 compliance with the regulations established under RCW 69.50.385, to
31 physically transport or deliver, as authorized under this chapter,
32 marijuana, useable marijuana, marijuana concentrates, immature plants
33 or clones, marijuana seeds, and marijuana-infused products between
34 licensed marijuana businesses located within the state.

35 (2) An employee of a common carrier engaged in marijuana-related
36 transportation or delivery services authorized under subsection (1)
37 of this section is prohibited from carrying or using a firearm during
38 the course of providing such services, unless:

(a) Pursuant to RCW 69.50.385, the state liquor and cannabis board explicitly authorizes the carrying or use of firearms by such employee while engaged in the transportation or delivery services;

(b) The employee has an armed private security guard license issued pursuant to RCW 18.170.040; and

(c) The employee is in full compliance with the regulations established by the state liquor and cannabis board under RCW 69.50.385.

(3) A common carrier licensed under RCW 69.50.385 may, for the purpose of transporting and delivering marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products, utilize Washington state ferry routes for such transportation and delivery.

(4) The possession of marijuana, useable marijuana, marijuana concentrates, and marijuana-infused products being physically transported or delivered within the state, in amounts not exceeding those that may be established under RCW 69.50.385(3), by a licensed employee of a common carrier when performing the duties authorized under, and in accordance with, this section and RCW 69.50.385, is not a violation of this section, this chapter, or any other provision of Washington state law.

Sec. 8. RCW 69.51A.250 and 2016 c 170 s 2 are each amended to read as follows:

(1) Qualifying patients or designated providers may form a cooperative and share responsibility for acquiring and supplying the resources needed to produce and process marijuana only for the medical use of members of the cooperative. No more than four qualifying patients or designated providers may become members of a cooperative under this section and all members must hold valid recognition cards. All members of the cooperative must be at least twenty-one years old. The designated provider of a qualifying patient who is under twenty-one years old may be a member of a cooperative on the qualifying patient's behalf. All plants grown in the cooperative must be ~~((purchased or cloned))~~ from an immature plant or clone purchased from a licensed marijuana producer as defined in RCW 69.50.101. Cooperatives may also purchase marijuana seeds from a licensed marijuana producer.

(2) Qualifying patients and designated providers who wish to form a cooperative must register the location with the state liquor and cannabis board and this is the only location where cooperative

members may grow or process marijuana. This registration must include the names of all participating members and copies of each participant's recognition card. Only qualifying patients or designated providers registered with the state liquor and cannabis board in association with the location may participate in growing or receive useable marijuana or marijuana-infused products grown at that location.

(3) No cooperative may be located in any of the following areas:

(a) Within one mile of a marijuana retailer;

(b) Within the smaller of either:

(i) One thousand feet of the perimeter of the grounds of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, library, or any game arcade that admission to which is not restricted to persons aged twenty-one years or older; or

(ii) The area restricted by ordinance, if the cooperative is located in a city, county, or town that has passed an ordinance pursuant to RCW 69.50.331(8); or

(c) Where prohibited by a city, town, or county zoning provision.

(4) The state liquor and cannabis board must deny the registration of any cooperative if the location does not comply with the requirements set forth in subsection (3) of this section.

(5) If a qualifying patient or designated provider no longer participates in growing at the location, he or she must notify the state liquor and cannabis board within fifteen days of the date the qualifying patient or designated provider ceases participation. The state liquor and cannabis board must remove his or her name from connection to the cooperative. Additional qualifying patients or designated providers may not join the cooperative until sixty days have passed since the date on which the last qualifying patient or designated provider notifies the state liquor and cannabis board that he or she no longer participates in that cooperative.

(6) Qualifying patients or designated providers who participate in a cooperative under this section:

(a) May grow up to the total amount of plants for which each participating member is authorized on their recognition cards, up to a maximum of sixty plants. At the location, the qualifying patients or designated providers may possess the amount of useable marijuana that can be produced with the number of plants permitted under this subsection, but no more than seventy-two ounces;

(b) May only participate in one cooperative;

(c) May only grow plants in the cooperative and if he or she grows plants in the cooperative may not grow plants elsewhere;

(d) Must provide assistance in growing plants. A monetary contribution or donation is not to be considered assistance under this section. Participants must provide nonmonetary resources and labor in order to participate; and

(e) May not sell, donate, or otherwise provide marijuana, marijuana concentrates, useable marijuana, or marijuana-infused products to a person who is not participating under this section.

(7) The location of the cooperative must be the domicile of one of the participants. Only one cooperative may be located per property tax parcel. A copy of each participant's recognition card must be kept at the location at all times.

(8) The state liquor and cannabis board may adopt rules to implement this section including:

(a) Any security requirements necessary to ensure the safety of the cooperative and to reduce the risk of diversion from the cooperative;

(b) A seed to sale traceability model that is similar to the seed to sale traceability model used by licensees that will allow the state liquor and cannabis board to track all marijuana grown in a cooperative.

(9) The state liquor and cannabis board or law enforcement may inspect a cooperative registered under this section to ensure members are in compliance with this section. The state liquor and cannabis board must adopt rules on reasonable inspection hours and reasons for inspections.

NEW SECTION. **Sec. 9.** A new section is added to chapter 15.120 RCW to read as follows:

The department and the state liquor and cannabis board must collaboratively study the feasibility and practicality of implementing a legislatively authorized regulatory framework allowing industrial hemp produced in accordance with the requirements of this chapter to be sold or transferred to marijuana processors, licensed under chapter 69.50 RCW, for processing into industrial hemp or marijuana products to be sold at retail for human consumption.

1 NEW SECTION. **Sec. 10.** A new section is added to chapter 15.120
 2 RCW to read as follows:

3 The department is granted the rule-making authority necessary to
 4 implement and enforce the provisions of this chapter. This includes
 5 the authority to impose monetary penalties, license suspension or
 6 forfeiture, or other sanctions for violations of statutory and
 7 regulatory requirements. The rules adopted by the department must be
 8 consistent with section 7606 of the federal agricultural act of 2014
 9 (128 Stat. 649, 912; 7 U.S.C. Sec. 5940).

10 NEW SECTION. **Sec. 11.** A new section is added to chapter 69.51A
 11 RCW to read as follows:

12 Qualifying patients and designated providers, who hold a
 13 recognition card and have been entered into the medical marijuana
 14 authorization database, may purchase immature plants or clones from a
 15 licensed marijuana producer as defined in RCW 69.50.101. Qualifying
 16 patients and designated providers may also purchase marijuana seeds
 17 from a licensed marijuana producer.

18 NEW SECTION. **Sec. 12.** The legislature finds that protecting the
 19 state's children, youth, and young adults under the legal age to
 20 purchase and consume marijuana, by establishing limited restrictions
 21 on the advertising of marijuana and marijuana products, is necessary
 22 to assist the state's efforts to discourage and prevent underage
 23 consumption and the potential risks associated with underage
 24 consumption. The legislature finds that these restrictions assist the
 25 state in maintaining a strong and effective regulatory and
 26 enforcement system as specified by the federal government. The
 27 legislature finds this act leaves ample opportunities for licensed
 28 marijuana businesses to market their products to those who are of
 29 legal age to purchase them, without infringing on the free speech
 30 rights of business owners. Finally, the legislature finds that the
 31 state has a substantial and compelling interest in enacting this act
 32 aimed at protecting Washington's children, youth, and young adults.

33 **Sec. 13.** RCW 69.50.357 and 2016 c 171 s 1 are each amended to
 34 read as follows:

35 (1) Retail outlets may not sell products or services other than
 36 marijuana concentrates, useable marijuana, marijuana-infused
 37 products, or paraphernalia intended for the storage or use of

1 marijuana concentrates, useable marijuana, or marijuana-infused
2 products.

3 (2) Licensed marijuana retailers may not employ persons under
4 twenty-one years of age or allow persons under twenty-one years of
5 age to enter or remain on the premises of a retail outlet. However,
6 qualifying patients between eighteen and twenty-one years of age with
7 a recognition card may enter and remain on the premises of a retail
8 outlet holding a medical marijuana endorsement and may purchase
9 products for their personal medical use. Qualifying patients who are
10 under the age of eighteen with a recognition card and who accompany
11 their designated providers may enter and remain on the premises of a
12 retail outlet holding a medical marijuana endorsement, but may not
13 purchase products for their personal medical use.

14 (3)(a) Licensed marijuana retailers must ensure that all
15 employees are trained on the rules adopted to implement this chapter,
16 identification of persons under the age of twenty-one, and other
17 requirements adopted by the state liquor and cannabis board to ensure
18 that persons under the age of twenty-one are not permitted to enter
19 or remain on the premises of a retail outlet.

20 (b) Licensed marijuana retailers with a medical marijuana
21 endorsement must ensure that all employees are trained on the
22 subjects required by (a) of this subsection as well as identification
23 of authorizations and recognition cards. Employees must also be
24 trained to permit qualifying patients who hold recognition cards and
25 are between the ages of eighteen and twenty-one to enter the premises
26 and purchase marijuana for their personal medical use and to permit
27 qualifying patients who are under the age of eighteen with a
28 recognition card to enter the premises if accompanied by their
29 designated providers.

30 ~~(4) ((Licensed marijuana retailers may not display any signage~~
31 ~~outside of the licensed premises, other than two signs identifying~~
32 ~~the retail outlet by the licensee's business or trade name. Each sign~~
33 ~~must be no larger than one thousand six hundred square inches, be~~
34 ~~permanently affixed to a building or other structure, and be posted~~
35 ~~not less than one thousand feet from any elementary school, secondary~~
36 ~~school, or playground.~~

37 ~~(5))~~ Except for the purposes of disposal as authorized by the
38 state liquor and cannabis board, no licensed marijuana retailer or
39 employee of a retail outlet may open or consume, or allow to be

opened or consumed, any marijuana concentrates, useable marijuana, or marijuana-infused product on the outlet premises.

~~((6))~~(5) The state liquor and cannabis board must fine a licensee one thousand dollars for each violation of any subsection of this section. Fines collected under this section must be deposited into the dedicated marijuana account created under RCW 69.50.530.

Sec. 14. RCW 69.50.369 and 2015 2nd sp.s. c 4 s 204 are each amended to read as follows:

(1) No licensed marijuana producer, processor, researcher, or retailer may place or maintain, or cause to be placed or maintained, ~~((an))~~any sign or other advertisement ~~((of))~~for a marijuana~~((r))~~business or marijuana product, including useable marijuana, marijuana concentrates, or ~~((a))~~ marijuana-infused product, in any form or through any medium whatsoever~~((+~~

~~(a))~~within one thousand feet of the perimeter of a school grounds, playground, recreation center or facility, child care center, public park, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older~~((+~~

~~(b) On or in a public transit vehicle or public transit shelter;~~
or

~~(c) On or in a publicly owned or operated property))~~.

(2) Except for the use of billboards as authorized under this section, licensed marijuana retailers may not display any signage outside of the licensed premises, other than two signs identifying the retail outlet by the licensee's business or trade name, stating the location of the business, and identifying the nature of the business. Each sign must be no larger than one thousand six hundred square inches and be permanently affixed to a building or other structure. The location and content of the retail marijuana signs authorized under this subsection are subject to all other requirements and restrictions established in this section for indoor signs, outdoor signs, and other marijuana-related advertising methods.

(3) A marijuana licensee may not utilize transit advertisements for the purpose of advertising its business or product line. "Transit advertisements" means advertising on or within private or public vehicles and all advertisements placed at, on, or within any bus stop, taxi stand, transportation waiting area, train station, airport, or any similar transit-related location.

1 (4) A marijuana licensee may not engage in advertising or other
 2 marketing practice that specifically targets persons residing outside
 3 of the state of Washington.

4 (5) All signs, billboards, or other print advertising for
 5 marijuana businesses or marijuana products must contain text stating
 6 that marijuana products may be purchased or possessed only by persons
 7 twenty-one years of age or older.

8 (6) A marijuana licensee may not:

9 (a) Take any action, directly or indirectly, to target youth in
 10 the advertising, promotion, or marketing of marijuana and marijuana
 11 products, or take any action the primary purpose of which is to
 12 initiate, maintain, or increase the incidence of youth use of
 13 marijuana or marijuana products;

14 (b) Use objects such as toys or inflatables, movie or cartoon
 15 characters, or any other depiction or image likely to be appealing to
 16 youth, where such objects, images, or depictions indicate an intent
 17 to cause youth to become interested in the purchase or consumption of
 18 marijuana products; or

19 (c) Use or employ a commercial mascot outside of, and in
 20 proximity to, a licensed marijuana business. A "commercial mascot"
 21 means live human being, animal, or mechanical device used for
 22 attracting the attention of motorists and passersby so as to make
 23 them aware of marijuana products or the presence of a marijuana
 24 business. Commercial mascots include, but are not limited to,
 25 inflatable tube displays, persons in costume, or wearing, holding, or
 26 spinning a sign with a marijuana-related commercial message or image,
 27 where the intent is to draw attention to a marijuana business or its
 28 products.

29 (7) A marijuana licensee that engages in outdoor advertising is
 30 subject to the advertising requirements and restrictions set forth in
 31 this subsection (7) and elsewhere in this chapter.

32 (a) All outdoor advertising signs, including billboards, are
 33 limited to text that identifies the retail outlet by the licensee's
 34 business or trade name, states the location of the business, and
 35 identifies the type or nature of the business. Such signs may not
 36 contain any depictions of marijuana plants, marijuana products, or
 37 images that might be appealing to children. The state liquor and
 38 cannabis board is granted rule-making authority to regulate the text
 39 and images that are permissible on outdoor advertising. Such rule

making must be consistent with other administrative rules generally applicable to the advertising of marijuana businesses and products.

(b) Outdoor advertising is prohibited:

(i) On signs and placards in arenas, stadiums, shopping malls, fairs that receive state allocations, farmers markets, and video game arcades, whether any of the foregoing are open air or enclosed, but not including any such sign or placard located in an adult only facility; and

(ii) Billboards that are visible from any street, road, highway, right-of-way, or public parking area are prohibited, except as provided in (c) of this subsection.

(c) Licensed retail outlets may use a billboard or outdoor sign solely for the purpose of identifying the name of the business, the nature of the business, and providing the public with directional information to the licensed retail outlet. Billboard advertising is subject to the same requirements and restrictions as set forth in (a) of this subsection.

(d) Advertising signs within the premises of a retail marijuana business outlet that are visible to the public from outside the premises must meet the signage regulations and requirements applicable to outdoor signs as set forth in this section.

(e) The restrictions and regulations applicable to outdoor advertising under this section are not applicable to:

(i) An advertisement inside a licensed retail establishment that sells marijuana products that is not placed on the inside surface of a window facing outward; or

(ii) An outdoor advertisement at the site of an event to be held at an adult only facility that is placed at such site during the period the facility or enclosed area constitutes an adult only facility, but in no event more than fourteen days before the event, and that does not advertise any marijuana product other than by using a brand name to identify the event.

(8) Merchandising within a retail outlet is not advertising for the purposes of this section.

((+3)) (9) This section does not apply to a noncommercial message.

((+4)) (10)(a) The state liquor and cannabis board must:

(i) Adopt rules implementing this section and specifically including provisions regulating the billboards and outdoor signs authorized under this section; and

1 (ii) Fine a licensee one thousand dollars for each violation of
 2 ((subsection (1) of)) this section until the state liquor and
 3 cannabis board adopts rules prescribing penalties for violations of
 4 this section. The rules must establish escalating penalties including
 5 finest and up to suspension or revocation of a marijuana license for
 6 subsequent violations.

7 (b) Fines collected under this subsection must be deposited into
 8 the dedicated marijuana account created under RCW 69.50.530.

9 (11) A city, town, or county may adopt rules of outdoor
 10 advertising by licensed marijuana retailers that are more restrictive
 11 than the advertising restrictions imposed under this chapter.
 12 Enforcement of restrictions to advertising by a city, town, or county
 13 is the responsibility of the city, town, or county.

14 **Sec. 15.** RCW 69.50.4013 and 2015 2nd sp.s. c 4 s 503 are each
 15 amended to read as follows:

16 (1) It is unlawful for any person to possess a controlled
 17 substance unless the substance was obtained directly from, or
 18 pursuant to, a valid prescription or order of a practitioner while
 19 acting in the course of his or her professional practice, or except
 20 as otherwise authorized by this chapter.

21 (2) Except as provided in RCW 69.50.4014, any person who violates
 22 this section is guilty of a class C felony punishable under chapter
 23 9A.20 RCW.

24 (3)(a) The possession, by a person twenty-one years of age or
 25 older, of useable marijuana, marijuana concentrates, or marijuana-
 26 infused products in amounts that do not exceed those set forth in RCW
 27 69.50.360(3) is not a violation of this section, this chapter, or any
 28 other provision of Washington state law.

29 (b) The possession of marijuana, useable marijuana, marijuana
 30 concentrates, and marijuana-infused products being physically
 31 transported or delivered within the state, in amounts not exceeding
 32 those that may be established under RCW 69.50.385(3), by a licensed
 33 employee of a common carrier when performing the duties authorized in
 34 accordance with RCW 69.50.382 and 69.50.385, is not a violation of
 35 this section, this chapter, or any other provision of Washington
 36 state law.

37 (4)(a) The delivery by a person twenty-one years of age or older
 38 to one or more persons twenty-one years of age or older, during a
 39 single twenty-four hour period, for noncommercial purposes and not

1 conditioned upon or done in connection with the provision or receipt
 2 of financial consideration, of any of the following marijuana
 3 products, is not a violation of this section, this chapter, or any
 4 other provisions of Washington state law:

- 5 (i) One-half ounce of useable marijuana;
- 6 (ii) Eight ounces of marijuana-infused product in solid form;
- 7 (iii) Thirty-six ounces of marijuana-infused product in liquid
 8 form; or
- 9 (iv) Three and one-half grams of marijuana concentrates.

10 (b) The act of delivering marijuana or a marijuana product as
 11 authorized under this subsection (4) must meet one of the following
 12 requirements:

- 13 (i) The delivery must be done in a location outside of the view
 14 of general public and in a nonpublic place; or
- 15 (ii) The marijuana or marijuana product must be in the original
 16 packaging as purchased from the marijuana retailer.

17 (5) No person under twenty-one years of age may possess,
 18 manufacture, sell, or distribute marijuana, marijuana-infused
 19 products, or marijuana concentrates, regardless of THC concentration.
 20 This does not include qualifying patients with a valid authorization.

21 ((+5)) (6) The possession by a qualifying patient or designated
 22 provider of marijuana concentrates, useable marijuana, marijuana-
 23 infused products, or plants in accordance with chapter 69.51A RCW is
 24 not a violation of this section, this chapter, or any other provision
 25 of Washington state law.

26 NEW SECTION. Sec. 16. A new section is added to chapter 69.50
 27 RCW to read as follows:

28 (1) A licensed marijuana business may enter into a licensing
 29 agreement, or consulting contract, with any individual, partnership,
 30 employee cooperative, association, nonprofit corporation, or
 31 corporation, for:

32 (a) Any goods or services that are registered as a trademark
 33 under federal law or under chapter 19.77 RCW;

34 (b) Any unregistered trademark, trade name, or trade dress; or

35 (c) Any trade secret, technology, or proprietary information used
 36 to manufacture a cannabis product or used to provide a service
 37 related to a marijuana business.

(2) All agreements or contracts entered into by a licensed marijuana business, as authorized under this section, must be disclosed to the state liquor and cannabis board.

Sec. 17. RCW 42.56.270 and 2016 sp.s. c 9 s 3, 2016 sp.s. c 8 s 1, and 2016 c 178 s 1 are each reenacted and amended to read as follows:

The following financial, commercial, and proprietary information is exempt from disclosure under this chapter:

(1) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss;

(2) Financial information supplied by or on behalf of a person, firm, or corporation for the purpose of qualifying to submit a bid or proposal for (a) a ferry system construction or repair contract as required by RCW 47.60.680 through 47.60.750 or (b) highway construction or improvement as required by RCW 47.28.070;

(3) Financial and commercial information and records supplied by private persons pertaining to export services provided under chapters 43.163 and 53.31 RCW, and by persons pertaining to export projects under RCW 43.23.035;

(4) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 43.325, 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency;

(5) Financial information, business plans, examination reports, and any information produced or obtained in evaluating or examining a business and industrial development corporation organized or seeking certification under chapter 31.24 RCW;

(6) Financial and commercial information supplied to the state investment board by any person when the information relates to the investment of public trust or retirement funds and when disclosure would result in loss to such funds or in private loss to the providers of this information;

(7) Financial and valuable trade information under RCW 51.36.120;

(8) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington

center in applications for, or delivery of, program services under chapter 70.95H RCW;

(9) Financial and commercial information requested by the public stadium authority from any person or organization that leases or uses the stadium and exhibition center as defined in RCW 36.102.010;

(10)(a) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a horse racing license submitted pursuant to RCW 67.16.260(1)(b), marijuana producer, processor, or retailer license, liquor license, gambling license, or lottery retail license;

(b) Internal control documents, independent auditors' reports and financial statements, and supporting documents: (i) Of house-banked social card game licensees required by the gambling commission pursuant to rules adopted under chapter 9.46 RCW; or (ii) submitted by tribes with an approved tribal/state compact for class III gaming;

(11) Proprietary data, trade secrets, or other information that relates to: (a) A vendor's unique methods of conducting business; (b) data unique to the product or services of the vendor; or (c) determining prices or rates to be charged for services, submitted by any vendor to the department of social and health services for purposes of the development, acquisition, or implementation of state purchased health care as defined in RCW 41.05.011;

(12)(a) When supplied to and in the records of the department of commerce:

(i) Financial and proprietary information collected from any person and provided to the department of commerce pursuant to RCW 43.330.050(8); and

(ii) Financial or proprietary information collected from any person and provided to the department of commerce or the office of the governor in connection with the siting, recruitment, expansion, retention, or relocation of that person's business and until a siting decision is made, identifying information of any person supplying information under this subsection and the locations being considered for siting, relocation, or expansion of a business;

(b) When developed by the department of commerce based on information as described in (a)(i) of this subsection, any work product is not exempt from disclosure;

1 (c) For the purposes of this subsection, "siting decision" means
2 the decision to acquire or not to acquire a site;

3 (d) If there is no written contact for a period of sixty days to
4 the department of commerce from a person connected with siting,
5 recruitment, expansion, retention, or relocation of that person's
6 business, information described in (a)(ii) of this subsection will be
7 available to the public under this chapter;

8 (13) Financial and proprietary information submitted to or
9 obtained by the department of ecology or the authority created under
10 chapter 70.95N RCW to implement chapter 70.95N RCW;

11 (14) Financial, commercial, operations, and technical and
12 research information and data submitted to or obtained by the life
13 sciences discovery fund authority in applications for, or delivery
14 of, grants under chapter 43.350 RCW, to the extent that such
15 information, if revealed, would reasonably be expected to result in
16 private loss to the providers of this information;

17 (15) Financial and commercial information provided as evidence to
18 the department of licensing as required by RCW 19.112.110 or
19 19.112.120, except information disclosed in aggregate form that does
20 not permit the identification of information related to individual
21 fuel licensees;

22 (16) Any production records, mineral assessments, and trade
23 secrets submitted by a permit holder, mine operator, or landowner to
24 the department of natural resources under RCW 78.44.085;

25 (17)(a) Farm plans developed by conservation districts, unless
26 permission to release the farm plan is granted by the landowner or
27 operator who requested the plan, or the farm plan is used for the
28 application or issuance of a permit;

29 (b) Farm plans developed under chapter 90.48 RCW and not under
30 the federal clean water act, 33 U.S.C. Sec. 1251 et seq., are subject
31 to RCW 42.56.610 and 90.64.190;

32 (18) Financial, commercial, operations, and technical and
33 research information and data submitted to or obtained by a health
34 sciences and services authority in applications for, or delivery of,
35 grants under RCW 35.104.010 through 35.104.060, to the extent that
36 such information, if revealed, would reasonably be expected to result
37 in private loss to providers of this information;

38 (19) Information gathered under chapter 19.85 RCW or RCW
39 34.05.328 that can be identified to a particular business;

1 (20) Financial and commercial information submitted to or
2 obtained by the University of Washington, other than information the
3 university is required to disclose under RCW 28B.20.150, when the
4 information relates to investments in private funds, to the extent
5 that such information, if revealed, would reasonably be expected to
6 result in loss to the University of Washington consolidated endowment
7 fund or to result in private loss to the providers of this
8 information;

9 (21) Market share data submitted by a manufacturer under RCW
10 70.95N.190(4);

11 (22) Financial information supplied to the department of
12 financial institutions or to a portal under RCW 21.20.883, when filed
13 by or on behalf of an issuer of securities for the purpose of
14 obtaining the exemption from state securities registration for small
15 securities offerings provided under RCW 21.20.880 or when filed by or
16 on behalf of an investor for the purpose of purchasing such
17 securities;

18 (23) Unaggregated or individual notices of a transfer of crude
19 oil that is financial, proprietary, or commercial information,
20 submitted to the department of ecology pursuant to RCW
21 90.56.565(1)(a), and that is in the possession of the department of
22 ecology or any entity with which the department of ecology has shared
23 the notice pursuant to RCW 90.56.565;

24 (24) Financial institution and retirement account information,
25 and building security plan information, supplied to the liquor and
26 cannabis board pursuant to RCW 69.50.325, 69.50.331, 69.50.342, and
27 69.50.345, when filed by or on behalf of a licensee or prospective
28 licensee for the purpose of obtaining, maintaining, or renewing a
29 license to produce, process, transport, or sell marijuana as allowed
30 under chapter 69.50 RCW; ((and))

31 (25) Marijuana transport information, vehicle and driver
32 identification data, and account numbers or unique access identifiers
33 issued to private entities for traceability system access, submitted
34 by an individual or business to the liquor and cannabis board under
35 the requirements of RCW 69.50.325, 69.50.331, 69.50.342, and
36 69.50.345 for the purpose of marijuana product traceability.
37 Disclosure to local, state, and federal officials is not considered
38 public disclosure for purposes of this section; ((and))

39 (26) Financial and commercial information submitted to or
40 obtained by the retirement board of any city that is responsible for

the management of an employees' retirement system pursuant to the authority of chapter 35.39 RCW, when the information relates to investments in private funds, to the extent that such information, if revealed, would reasonably be expected to result in loss to the retirement fund or to result in private loss to the providers of this information except that (a) the names and commitment amounts of the private funds in which retirement funds are invested and (b) the aggregate quarterly performance results for a retirement fund's portfolio of investments in such funds are subject to disclosure; ((and))

(27) Proprietary financial, commercial, operations, and technical and research information and data submitted to or obtained by the liquor and cannabis board in applications for marijuana research licenses under RCW 69.50.372, or in reports submitted by marijuana research licensees in accordance with rules adopted by the liquor and cannabis board under RCW 69.50.372; and

(28) Trade secrets, technology, proprietary information, and financial considerations contained in any agreements or contracts, entered into by a licensed marijuana business under section 16 of this act, which may be submitted to or obtained by the state liquor and cannabis board.

NEW SECTION. **Sec. 18.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Board" means the state liquor and cannabis board.

(2) "Licensee facilities" means any premises regulated by the board for producing, processing, or retailing marijuana or marijuana products.

(3) "Marijuana" has the meaning provided in RCW 69.50.101.

(4) "Marijuana processor" has the meaning provided in RCW 69.50.101.

(5) "Marijuana producer" has the meaning provided in RCW 69.50.101.

(6) "Marijuana products" has the meaning provided in RCW 69.50.101.

(7) "Marijuana retailer" has the meaning provided in RCW 69.50.101.

(8) "Person" means any natural person, firm, partnership, association, private or public corporation, governmental entity, or other business entity.

NEW SECTION. **Sec. 19.** (1) The department may adopt rules establishing:

(a) Standards for marijuana and marijuana products produced and processed in a manner consistent with, to the extent practicable, 7 C.F.R. Part 205;

(b) A self-sustaining program for certifying marijuana producers and marijuana processors as meeting the standards established under (a) of this subsection; and

(c) Other rules as necessary for administration of this chapter.

(2) To the extent practicable, the program must be consistent with the program established by the director under chapter 15.86 RCW.

(3) The rules must include a fee schedule that will provide for the recovery of the full cost of the program including, but not limited to, application processing, inspections, sampling and testing, notifications, public awareness programs, and enforcement.

NEW SECTION. **Sec. 20.** (1) No marijuana or marijuana product may be labeled, sold, or represented as produced or processed under the standards established under this chapter unless produced or processed by a person certified by the department under the program established under this chapter.

(2) No person may represent, sell, or offer for sale any marijuana or marijuana products as produced or processed under standards adopted under this chapter if the person knows, or has reason to know, that the marijuana or marijuana product has not been produced or processed in conformance with the standards established under this chapter.

(3) No person may represent, sell, or offer for sale any marijuana or marijuana products as "organic products" as that term has meaning under chapter 15.86 RCW.

NEW SECTION. **Sec. 21.** (1) The department may inspect licensee facilities to verify compliance with this chapter and rules adopted under it.

(2) The department may deny, suspend, or revoke a certification provided for in this chapter if the department determines that an

applicant or certified person has violated this chapter or rules adopted under it.

(3) The department may impose on and collect from any person who has violated this chapter or rules adopted under it a civil fine not exceeding the total of:

(a) The state's estimated costs of investigating and taking appropriate administrative and enforcement actions for the violation; and

(b) One thousand dollars.

(4) The board may take enforcement actions against a marijuana producer, marijuana processor, or marijuana retailer license issued by the board, including suspension or revocation of the license, when a licensee continues to violate this chapter after revocation of its certification or, if uncertified, receiving written notice from the department of certification requirements.

(5) The provisions of this chapter are cumulative and nonexclusive and do not affect any other remedy at law.

NEW SECTION. **Sec. 22.** Information about marijuana producers, marijuana processors, and marijuana retailers otherwise exempt from public inspection and copying under chapter 42.56 RCW is also exempt from public inspection and copying if submitted to or used by the department.

NEW SECTION. **Sec. 23.** All fees collected under this chapter must be deposited in an account within the agricultural local fund. The revenue from the fees must be used solely for carrying out the provisions of this chapter, and no appropriation is required for disbursement from the fund.

NEW SECTION. **Sec. 24.** (1) The state liquor and cannabis board must conduct a study of regulatory options for the legalization of marijuana plant possession and cultivation by recreational marijuana users. In conducting the study, the state liquor and cannabis board must consider the federal guidelines provided by the Cole memorandum, issued by the United States department of justice on August 29, 2013, which allows individual states to implement marijuana legalization policies, provided such states enact strong and effective regulatory and enforcement systems that address public safety, public health, and law enforcement concerns as outlined in the memorandum.

1 (2) Not later than December 1, 2017, the state liquor and
2 cannabis board must provide the appropriate committees of the
3 legislature written findings and recommendations regarding the
4 adoption and implementation of a regulatory and enforcement system
5 for the legalization of marijuana plant possession and cultivation by
6 recreational marijuana users, in light of the guidelines set forth in
7 the federal Cole memorandum.

8 (3) The study, findings, and recommendations required under this
9 section must be done through the use of the existing resources of the
10 state liquor and cannabis board.

11 NEW SECTION. **Sec. 25.** This act applies prospectively only and
12 not retroactively. It applies only to causes of action that arise (if
13 change is substantive) or that are commenced (if change is
14 procedural) on or after the effective date of this section.

15 NEW SECTION. **Sec. 26.** If any provision of this act or its
16 application to any person or circumstance is held invalid, the
17 remainder of the act or the application of the provision to other
18 persons or circumstances is not affected.

19 NEW SECTION. **Sec. 27.** Sections 18 through 23 of this act
20 constitute a new chapter in Title 15 RCW.

Passed by the Senate April 20, 2017.
Passed by the House April 20, 2017.
Approved by the Governor May 16, 2017.
Filed in Office of Secretary of State May 16, 2017.

--- END ---